

Budget 2005

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Securing Our Social Foundations

February 23, 2005

Canada

Building on Solid Foundations

Canadians believe that all individuals should have the chance to succeed, achieve their potential and participate fully in the promise of Canadian society.

Recent new federal commitments of more than \$75 billion in support of the 10-Year Plan to Strengthen Health Care and the new framework for Equalization and Territorial Formula Financing (see box) provide predictable and growing federal funding for social programs that reflect these values.

These investments also establish a solid base for the Government's commitment to strengthen and secure Canada's social foundations.

Budget 2005—Delivering on Commitments

Budget 2005 delivers on this commitment through significant investments in:

- 1 Health care
- 2 Early learning and child care
- 3 Support for seniors
- 4 Aboriginal communities
- 5 A fairer tax system, including measures to help people with disabilities and caregivers
- 6 Heritage and sport
- 7 Strengthening Canada's justice framework

Fall 2004—Major Investments in Support of Health and Social Priorities

In September 2004, First Ministers signed a 10-Year Plan to Strengthen Health Care. The Prime Minister committed \$41.3 billion over 10 years in support of the plan, fully meeting the financial recommendations of the Royal Commission on the Future of Health Care in Canada (the Romanow Report).

An additional \$700 million over five years for Aboriginal health programs and \$150 million for health care services in the North was also announced.

In October, the Government of Canada also launched a new framework for Equalization and Territorial Formula Financing that will add an additional \$33 billion in federal support over the next 10 years.

These initiatives provide additional financial support to provinces and territories to ensure that all Canadians have access to reasonably comparable public services at reasonably comparable rates of taxation no matter where they live.

Legislation implementing these commitments has already been tabled in the House of Commons.

1 Health Care

Budget 2005 builds on the investments outlined above with \$805 million over five years in new direct federal health funding:

- \$75 million over five years to accelerate and expand the assessment and integration of internationally educated health care professionals.
- \$15 million over four years for wait times initiatives that will build on and complement provincial and territorial initiatives.

- \$110 million over five years to improve the data collection and reporting of health performance information.
- \$300 million over five years for an integrated strategy to encourage healthy living, and prevent and control chronic disease.
- \$34 million over five years to enhance Canada's pandemic influenza preparedness.
- \$170 million over five years to help ensure the safety and effectiveness of drugs and other therapeutic products.
- \$10.7 million in 2004–05 for the Hepatitis C Prevention, Support and Research Program.
- \$90 million over five years for Health Canada to accelerate work to identify and research toxic substances under the Canadian Environmental Protection Act.

2 Early Learning and Child Care

High-quality child care and early learning opportunities are essential to support children's physical, emotional, social, linguistic and intellectual development, and to set them on a path of lifelong achievement.

The Government of Canada's commitment to a new Early Learning and Child Care initiative recognizes the important role that early learning and child care play in expanding opportunity and building a more productive economy.

Budget 2005 follows through on this commitment with new investments of \$5 billion over five years to help build the foundations of an Early Learning and Child Care initiative across the country.

3 Seniors

Budget 2005 delivers on the Government's commitment to meet the evolving needs of seniors by:

- Increasing Guaranteed Income Supplement (GIS) benefits for low-income seniors by \$2.7 billion over five years: monthly benefits will rise by \$36 for singles and \$58 for couples by January 2007 (see examples below).
- More than doubling the funding for the New Horizons for Seniors program, which will be increased from \$10 million to \$25 million a year to promote voluntary sector activities by and in support of seniors.

Examples—Guaranteed Income Supplement Increase

Gerald is a widowed senior who currently receives maximum GIS benefits of \$560 per month, in addition to his Old Age Security (OAS) pension, for total monthly benefits of \$1,032. By 2007, his monthly benefits will rise to at least \$1,068.¹

Serge and Nadine are married seniors who currently receive combined GIS benefits of \$730 and total GIS and OAS benefits of \$1,674 per month. As a result of the 2005 budget changes, their total monthly benefits will rise to at least \$1,732¹ by 2007, assuming no change in their other income.

¹ GIS and OAS benefits also increase in line with the inflation rate, as measured by the Consumer Price Index.



4 Strengthening Aboriginal Communities

The Government of Canada is committed to a renewed partnership with Aboriginal people. While awaiting the completion of the Canada-Aboriginal Peoples Roundtable process, Budget 2005 provides \$735 million in new investments aimed at ensuring that the country's prosperity is shared by Canada's Aboriginal people and communities. This is in addition to the \$700 million over five years for Aboriginal health programs announced in September 2004. Budget 2005 measures include:

- \$295 million over five years for housing construction and renovation on reserves.
- \$100 million over the next five years to enhance early learning and child care opportunities for First Nations children and families living on reserves.
- An additional \$120 million over five years for special education for First Nations children living on reserves.
- \$125 million over five years to support the work of First Nations child and family service agencies.
- \$40 million so that the Aboriginal Healing Foundation can continue, for another two years, to support community-based healing projects that address the legacy of physical and sexual abuse in the Indian residential school system.

5 Tax Changes to Improve Fairness

A fair tax system recognizes the special circumstances of certain taxpayers and helps remove barriers to their full participation in the economy and society.

Budget 2005 makes the tax system fairer by acting on the recommendations of the Technical Advisory Committee on Tax Measures for Persons with Disabilities. Proposed measures include:

- Extending eligibility for the disability tax credit (DTC) to individuals who face multiple restrictions that together have a substantial impact on their everyday lives.
- Extending the DTC to more individuals requiring extensive life-sustaining therapy on an ongoing basis.
- Increasing the maximum annual Child Disability Benefit to \$2,000 per child.
- Expanding the list of expenses eligible for the disability supports deduction and the medical expense tax credit.

In addition, this budget proposes to double, to \$10,000, the maximum amount of medical and disability-related expenses that caregivers can claim on behalf of their dependants.

Budget 2005 also proposes to introduce a new tax credit to recognize specified adoption expenses (including adoption agency and legal fees), up to a maximum of \$10,000.

6 Supporting Canada's Heritage

Budget 2005 makes additional investments in the following areas:

Support for Culture and History

- \$172 million per year in new funding to provide stability for the Tomorrow Starts Today arts and culture initiative for another five years.
- \$25 million over five years to enhance the Multiculturalism Program.
- \$50 million over five years to the Celebrate Canada program for community-based events and activities that offer Canadians the opportunity to share their pride in their country.
- \$46 million over the next five years to continue implementation of a national register of historic places, conservation standards and a certification process in respect of restoration expenditures.
- \$30 million over five years for future commemorative activities so that the contributions of Canada's veterans will never be forgotten.
- \$15 million over the next two years to support Vancouver's hosting of the 2006 World Urban Forum.
- \$56 million over the next five years for the implementation of "A Canada for All: Canada's Action Plan against Racism."
- \$25 million over the next three years for commemorative and educational initiatives to highlight the contribution that ethnocultural groups have made to Canadian society and help build a better understanding among all Canadians.

Sport

Funding for Sport Canada will effectively double from \$70 million to \$140 million as a result of new investments announced in Budget 2005:

- \$65 million annually in support of Canada's elite athletes—including funding to respond to the recommendations of the Own the Podium report.
- \$5 million per year over the next five years for sport participation initiatives.

The budget also provides an additional \$87 million in funding for the Vancouver-Whistler Olympic and Paralympic Winter Games.

7 The Justice Framework

Budget 2005 contains measures aimed at protecting Canadians from crime and increasing their confidence in the justice system. These include:

- \$90 million over the next three years to enhance the National Crime Prevention Strategy.
- \$25 million over the next five years to renew the Victims of Crime Initiative.
- \$15.6 million per year to support efforts to ensure that war criminals do not find safe haven in Canada.

Increasing the Basic Personal Amount

Budget 2005 increases the basic personal amount, i.e. the amount that Canadians can earn tax free, to \$10,000 by 2009. This will benefit all Canadians, but especially those with low and modest incomes. In fact, this measure will remove 860,000 low-income taxpayers from the tax rolls, including 240,000 seniors.

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